Individual Development Account Program

What is the IDA program?
Indiana's Individual Development Account (IDA) program was established in 1997 to help low-income Hoosiers build assets, become self-sufficient, learn personal financial skills and improve their quality of life. The program is administered by the Community Development division of the Indiana Department of commerce (IDOC) through a network of 39 nonprofit community organizations and 31 financial institutions around the state.

How does the program work?
For every $1 a participant saves in an IDA account, the State of Indiana contributes an additional $3 for up to $900 a year. Some participants also receive an additional 3:1 match from the federal Assets for Independence Act (AFIA) grant, thus creating a $6 match for every $1 saved. Participants can earn up to $1,800 a year.

Money saved, withdrawn (for an authorized purpose) and interest earned from an individual's IDA account is not subject to state income taxes. Furthermore, money in an IDA may not be considered eligible income or a countable asset for the purpose of public assistance.

IDA savings can be used to pay for higher or vocational education; take part in an accredited or licensed job-training program; purchase a home or reduce the principal amount owed on a home previously purchased with IDA funds; purchase, start-up or expand an existing business; or roll over IDA savings into a family college savings account program.

The IDOC allocates 800 accounts per year to community organizations, which act as trustees for IDA participants.

These organizations are responsible for:

- Marketing the IDA and AFIA program.
- Recruiting and screening participants.
- Arranging annual financial training courses for participants.
- Annually reporting on the program to the IDOC.

Financial institutions participating in the IDA program provide interest-bearing savings accounts with no minimum-balance requirements or monthly fees. They also submit annual financial reports to the IDOC and distribute the matching funds into participants' parallel accounts.

The IDA program also allows community organizations to offer additional accounts if they attract private donations to provide the needed matching funds. The State encourages these donations by offering tax credits to donors. Contributors donating between $100 and $50,000 during a taxable year receive a 50 percent tax credit. For each program year, $200,000 in tax credits is available to help community organizations attract private donations. Organizations can use 20% of the first $100,000 in donations towards expenses related to the administration of their IDA program.

Who's eligible for an IDA?

Qualifying individuals must either receive Temporary Assistance to Needy Families (TANF) or have an annual household income at or below 175 percent of the federal poverty level. For example, a family of four could not earn more than $30,888 a year. The program participant or a dependent can use the money saved in an IDA. Only one member of a qualifying individual's househhold may establish an account